

JUL 03 2008

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

FILED

STATE OF NEBRASKA	)	
DEPARTMENT OF INSURANCE,	)	
	)	CONSENT ORDER
PETITIONER,	)	
	)	CAUSE NO. C-1704
VS.	)	
	)	
AMERICAN GENERAL LIFE	)	
INSURANCE COMPANY,	)	
	)	
RESPONDENT.	)	

In order to resolve this matter, the Nebraska Department of Insurance ("Department"), by and through its attorney, Michael C. Boyd and American General Life Insurance Company ("Respondent"), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to NEB. REV. STATS. §§ 44-101.01, 44-135, and 44-303 et seq. (Reissue 2004). Said jurisdiction and control have been present at all times material hereto.

2. Respondent is a Texas domiciled insurer licensed to conduct business in Nebraska as a foreign insurer.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. American General Life Insurance Company, Cause Number C-1704 on May 30, 2008. A copy of the petition was served upon the Respondent's agent,

Kyle Jennings, General Counsel-Litigation, at 2929 Allen Parkway, Houston, Texas 77019 by certified mail, return receipt requested.

2. The Petition alleges that the Respondent failed to comply with 210 NEB. ADMIN. RULES & REGS. Chapter 19 Subsection 008.02B as a result of the following conduct:

- a. On or about August 28, 2004, resident insurance producer Allison Klanecky solicited two annuity applications on Robert Christiansen for exchange/replacement of two annuities Mr. Christiansen held with London Pacific Life and Annuity Insurance Company ("London Pacific") (Policy #4A146822 and #4A148900). Respondent issued its annuity policy HEA000673F effective January 12, 2005 as an exchange/replacement for London Pacific policy 4A146822; and issued its annuity policy HEA000894F effective January 5, 2005 as an exchange/replacement for London Pacific policy 4A148900.
- b. In response to a written inquiry by Cynthia Williamson, an insurance investigator with the Petitioner's Consumer Affairs Division ("CAD"), requesting copies of the ledgers that Respondent was required to provide the existing company pursuant to the above-cited 210 NEB. ADMIN. RULES & REGS. Chapter 19 Subsection 008.02B, Respondent replied on or about July 27, 2007 with copies of documentation sent to the existing insurer, London Pacific, which included a copy of the application forms for the Respondent's exchange/replacement annuities HEA000673F and HEA000894F, as well as the Assignment and Transfer Form and Notice Regarding Replacement Form for each of the London Pacific annuities to notify the existing insurer of Mr. Christiansen's intent to exchange/replace his London Pacific annuities with Respondent's annuities. This documentation sent by Respondent to London Pacific did not include the ledger statements containing comparable data.
- c. On or about August 30, 2007, Respondent replied to a followup inquiry by Cynthia Williamson still requesting copies of the required ledgers, in which Respondent stated "The application for policy HEA000894F was received on September 27, 2004. On October 4, 2004, the Company mailed the enclosed letter of acceptance along with copies of the replacement forms to London Pacific via UPS delivery. **These were the only documents sent to the replaced company.** The application for policy HEA000673F was received on September 13, 2004. On September 17, 2004, the Company mailed a letter of acceptance along with copies of the enclosed replacement forms to London Pacific via UPS delivery. The Company did not retain a copy of the letter of acceptance for our file, however our file documentation reflect that it was completed and sent. It would have been identical to the copy of the letter for HEA000894F. **The enclosed documents were the only items sent to the exchanging company**" (emphasis provided). Those enclosed referenced documents were those documents previously submitted to investigator Williamson as set forth in subparagraph 5b above.

- d. On or about September 24, 2007, Respondent sent a further written response to investigator Williamson advising "the Company (Respondent) is unable to locate a copy of the ledger/illustrations required to be sent to the custodial Company (London Pacific) in accordance with Title 210 NAC Ch. 19, Section 008.02B..." Therefore, taking into consideration this statement as well as the Respondent's previous statements in correspondence to investigator Williamson referenced in subparagraph 5b and 5c above that the only exchange/replacement documents Respondent sent to London Pacific were the Assignment and Transfer Form and the Notice Regarding Replacement Form for each existing London Pacific annuity, the Respondent has, in effect, admitted that it had failed to provide ledgers to the existing insurer as required under 210 NEB. ADMIN. RULES & REGS. Chapter 19 Subsection 008.02B.
- e. Additionally, 210 NEB. ADMIN. RULES & REGS. Chapter 19 Subsection 008.02B requires that the written communication shall be sent to the existing insurer by the replacing insurer within three (3) working days of receipt of the application by the replacing insurer. According to Respondent's correspondence referenced in subparagraph 5c above, the application for HEA000673F was received by Respondent on September 13, 2004, and the replacement forms were mailed to the existing insurer on September 17, 2004 (4 working days after application receipt); and the application for HEA000894F was received by Respondent on September 27, 2004, and the replacement forms were mailed to the existing insurer on October 4, 2004 (5 working days after application receipt).

3. Respondent was informed of its right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving the right to a public hearing, Respondent also waives the right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent admits the allegations contained in the Petition and restated in Paragraph 2 above.

#### CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes a violation of 210 NEB. ADMIN. RULES & REGS. Chapter 19 Subsection 008.02B and is subject to disciplinary action pursuant to 210 NEB. ADMIN. RULES & REGS. Chapter 19 Subsection 010.04 and NEB. REV. STAT. § 44-1529.

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed by Respondent, American General Life Insurance Company, that Respondent shall pay an administrative fine in the amount of one-thousand dollars (\$1000.00), due within 30 days after the Director of Insurance or her designee approves and signs this consent order. The Nebraska Department of Insurance shall retain jurisdiction of this matter for the purpose of enabling the Respondent or the Department to make application for such further orders as may be necessary.

In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his/her signature below.

Michael C. Boyd  
Michael C. Boyd  
Attorney for Petitioner  
941 O Street, Suite 400  
Lincoln, NE 68508  
(402) 471-2201

Timothy H. Bolden  
American General Life Insurance Company,  
Respondent

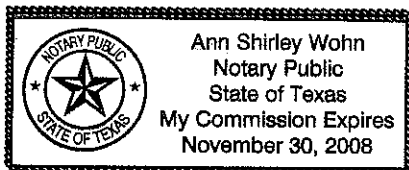
By: Timothy H. Bolden

July 1, 2008  
Date

June 26, 2008  
Date

State of TEXAS )  
County of HARRIS ) ss.  
)

On this 26<sup>th</sup> day of June, 2008, an authorized representative of American General Life Insurance Company personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be his/her voluntary act and deed.

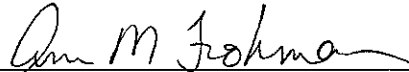


Ann Shirley Wahn  
Notary Public

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. American General Life Insurance Company, Cause No. C-1704.

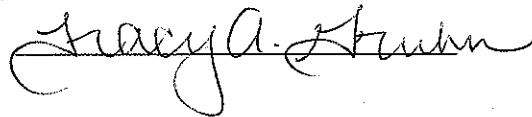
STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

  
\_\_\_\_\_  
ANN M. FROHMAN  
Director of Insurance

7-3-08  
\_\_\_\_\_  
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent's agent, Kyle Jennings, General Counsel-Litigation, at 2929 Allen Parkway, Houston, Texas 77019 by certified mail, return receipt requested on this 3<sup>rd</sup> day of July, 2008.

  
\_\_\_\_\_  
Tracy A. Stubbins